

Global House Price Index increases 5.6%

- *Australia in 11th position with 10.2% growth; up from 20th position with 7.7% growth last quarter*
- *Iceland and Hong Kong continue to lead the rankings*

12 September 2017, Australia – Knight Frank's **Global House Price Index: Q2 2017ⁱ**, which tracks housing market performance across 55 countries worldwide, has found global house prices have increased by 5.6% in the year to June 2017.

Highlights of the report:

- **Australia** is in 11th position with 10.2% growth as of Q2 2017. This is up from 20th position as of Q1 2017 at 7.7% growthⁱⁱ, and up from 16th position with 6.8% growth as of Q2 2016;
- **Iceland** and **Hong Kong** continue to lead the rankings; both have seen their annual rate of price growth accelerate over the last three months, in Iceland's case from 17.8% to 23.2% and for Hong Kong, from 14.4% to 21.1%.
- **New Zealand** and **Canada**, two countries whose housing markets have moved in tandem for the last few years, are now moving in opposite directions. New Zealand slipped from third position in the rankings to tenth as annual price growth moderated to 10.4%.
- **China's** average price growth dipped marginally to 9.6% in the 12 months to June. Reports suggest developers are raising their sales targets for 2017, undeterred by policymakers' efforts to rein in speculative demand and control price inflation via a series of cooling measures.

According to **Michelle Ciesielski, Head of Residential Research, Australia**, "Over the past year to June 2017, we've seen a moderate resurgence in the Sydney residential market after a lull towards the end of 2016.

"This time around, capital growth is not likely to be as strong as experienced over the past four years with a continued tightened lending environment.

"Analysing the annual sales turnover trend as a potential leading indicator for projected capital growth for houses and apartments, a standout is the moderate strengthening of the Greater **Perth** and Greater **Darwin** residential markets.

"Despite still lingering in negative territory, both are reporting an improvement in sales turnover, with house sales in Greater Darwin recording 6% growth in the number of annual sales in the year ending June 2017. In saying this, there is still some time before we see capital growth in these markets.

"Other markets to watch, showing recent sustained appreciation in annual turnover were houses in Greater **Adelaide** and **Canberra**, and apartments in **Sydney** and **Canberra**," said **Ms Ciesielski**.

Nicholas Holt, Head of Research for Asia-Pacific, said, "The five-year price growth figures show a huge divergence in performance across the Asia-Pacific region, with the growth numbers in **India** (69.7%) standing in sharp contrast to **Singapore** (-5.6%) which has seen the stringent cooling measures applied over the period dampen market activity.

“The Australasian markets have seen some of the strongest growth over this period, with the cities of **Sydney, Melbourne** and **Auckland** especially outperforming the wider market.”

Kate Everett-Allen, Partner, International Residential Research, added, “**Hong Kong**’s stellar performance is perhaps counter-intuitive given there have been three interest rate rises in the last year but like Iceland, strong demand and limited supply are behind its strengthening prices. Local buyers in Hong Kong, along with mainland Chinese investors, are keen to hedge against the yuan’s depreciation.”

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Notes to Editors

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ⁱ The Knight Frank Global House Price Index established in 2006 allows investors and developers to monitor and compare the performance of mainstream residential markets around the world. The index is compiled on a quarterly basis using official government statistics or central bank data where available. The index’s overall performance is weighted by GDP on a Purchasing Power Parity basis and the latest quarter’s data is provisional pending the release of all the countries’ results.

ⁱⁱ Australian Global House Price Index data facts:

Q2 2017 – Australia 11th with 10.2%

Q1 2017 – Australia 20th with 7.7% (last quarter)

Q2 2016 – Australia 16th with 6.8% (last year)